

Manor National Bank

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Letter of Comment No: 98
File Reference: EITF03-1A

Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Gentlemen:

We are writing in regards to FSP EITF issue 03-1-A (Losses on Securities).

Manor National Bank is a small community bank in southwestern Pennsylvania with assets of just over \$18,000,000. The directors of this institution are watching with great concern the decision that the Financial Accounting Standards Board is contemplating in calculating losses.

We would strongly recommend that the proposal being considered by FASB be re-evaluated and restructured by giving very small banks more consideration. A bank of our size would be seriously affected if we were forced to absorb a loss which in all reality would be based on temporary conditions. Temporary conditions that exist due to an ever-changing market. To force a loss upon a small bank, based on fluctuating market values would drastically impact its earnings.

The incorrect result of selling an "impaired" security would be realized at the moment the market then fluctuates in a more positive manner and the portfolio shows gain rather than loss. We do not have a pattern of selling impaired securities and therefore feel that the ruling in question would, as stated earlier, have a negative impact on this one small bank.

Our bank has already felt an impact on earnings because of an early interpretation on this ruling that is not yet final. Think of what it will do if FSP EITF issue 03-1-A becomes a reality in its present form.

Thank you for taking the time to read our concerns.

Sincerely,

S. Wayne Whitehead *Carl G. Sarge* *Rand G. Denale*
S. Wayne Whitehead Carl G. Sarge Rand G. Denale
President/CEO Chief Operations Officer Operations Officer

FDIC